

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF COLUMBIA GAS OF)	
KENTUCKY, INC. FOR AUTHORITY FOR THE)	CASE NO. 91-173
ISSUANCE AND SALE OF PROMISSORY NOTES)	

O R D E R

On May 29, 1991, Columbia Gas of Kentucky, Inc. ("Columbia") filed its application seeking authority to issue and sell up to \$5,000,000 in principal amount of Installment Promissory Notes ("Notes"). The proceeds will be used to assist in financing the 1991 construction program set forth in Appendix A and for other lawful corporate purposes as detailed in Columbia's application. The proposed Notes are to be sold to the Columbia Gas System, Inc. ("System"). The Notes will be dated the date of their issue and will have the same terms and provisions as the outstanding nonregistered Notes of Columbia, except that they will be payable in equal annual installments not to exceed 30 years as opposed to 15, 20, or 25 years. The interest rate of the Notes will be equal to System's latest cost of money which currently approximates 9.92 percent.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the proposed issuance and sale by Columbia of up to \$5,000,000 in principal amount of Notes are for lawful objects within its corporate

purposes, are necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair its ability to perform that service, are reasonably necessary and appropriate for such purposes, and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Columbia be and it hereby is authorized to issue and sell up to \$5,000,000 of Notes.

2. Columbia shall, within 30 days after the issuance of the securities referred to herein, file with the Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid, the interest rate, the terms, and all fees and expenses involved in the issuance and distribution.

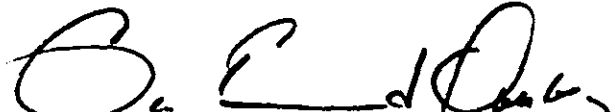
3. Columbia shall agree only to such terms and prices that are consistent with said parameters as set out in its application.


4. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 22nd day of July, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 91-173 DATED 7/22/91

COLUMBIA GAS OF KENTUCKY, INC. 1991 CONSTRUCTION PROGRAM

<u>Description</u>	<u>Amount</u>
<u>Production</u>	
Well and Gathering Lines	-0-
Propane Facilities	\$ 30,000
Measuring and Regulating Facilities	12,000
Gas Supply	200,000
<u>Distribution</u>	
Lines	2,530,000
Meters and Regulators	1,059,000
Service Lines	3,800,000
Measuring and Regulating Facilities	165,000
Cathodic Protection Systems	300,000
Specific - New Business	400,000
Specific - Condition	200,000
Specific - Mandatory	640,000
<u>General</u>	
Automatic Meter Reading	150,000
General Office EDP Systems	186,000
Structures and Equipment	144,000
Office Furniture and Equipment	23,000
EDP Equipment	41,000
Lexington District Office Building	1,932,000
Winchester Office Building	200,000
Carryover Budgets	237,000
Miscellaneous	<u>49,000</u>
Total Gross Additions	\$12,298,000
Less Non-Cash and Salvage	<u>(114,000)</u>
Total Net Cash	\$12,412,000